
HOUSE BILL 2643

State of Washington 60th Legislature 2008 Regular Session

By Representatives Fromhold, Wallace, Chase, Moeller, Sells, and Dunn

Read first time 01/15/08. Referred to Committee on Finance.

1 AN ACT Relating to providing exemptions from state business and
2 occupation tax and state and local property tax for certain nonprofit
3 student loan organizations; and amending RCW 82.04.367 and 84.36.030.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 82.04.367 and 1998 c 324 s 1 are each amended to read
6 as follows:

7 This chapter does not apply to gross income received by nonprofit
8 organizations exempt from federal income tax under 26 U.S.C. section
9 501(c)(3) of the internal revenue code of ~~((1954, as amended,))~~ 1986 as
10 it existed on the effective date of this section that:

11 (1) Are guarantee agencies under the federal ~~((guaranteed student~~
12 ~~loan program or that))~~ family education loan program or provide
13 guarantees for student loans to finance an individual's postsecondary
14 education made through other programs; or

15 (2) Issue debt to originate, finance, acquire, or otherwise provide
16 ~~((or acquire))~~ student loans to finance an individual's postsecondary
17 education; or

18 ~~((2) Provide guarantees for student loans made through programs~~
19 ~~other than the federal guaranteed student loan program))~~ (3) Are

1 supporting organizations that qualify as public charities under 26
2 U.S.C. section 509(a)(3) of the internal revenue code of 1986 as it
3 existed on the effective date of this section as providers of services
4 to a nonprofit organization included under subsections (1) and (2) of
5 this section.

6 **Sec. 2.** RCW 84.36.030 and 2006 c 305 s 1 are each amended to read
7 as follows:

8 The following real and personal property shall be exempt from
9 taxation:

10 (1)(a) Property owned by nonprofit organizations or associations,
11 organized and conducted for nonsectarian purposes, which shall be used
12 for character-building, benevolent, protective or rehabilitative social
13 services directed at persons of all ages.

14 (b) The sale of donated merchandise shall not be considered a
15 commercial use of the property under this section if the proceeds are
16 devoted to the furtherance of the purposes of the selling organization
17 or association as specified in this subsection (1).

18 (c) In a county with a population of less than twenty thousand, the
19 rental or use of property, owned by a nonprofit organization or
20 association described in (a) of this subsection, by a person, group, or
21 organization in one of the following ways shall not nullify the
22 exemption:

23 (i) The property may be rented or used for pecuniary gain or for
24 business activities or by individuals, groups, and organizations for
25 private purposes if the rental or use:

26 (A) Does not exceed fifteen days each assessment year;

27 (B) No comparable private for-profit facility exists within ten
28 miles of the property that could be used for the same purpose for which
29 the property is loaned or rented; and

30 (C) All income from the rental or use of the exempt property is
31 used for capital improvements to the exempt property, maintenance and
32 operation of the exempt property, or for exempt purposes; or

33 (ii) The property is rented or used by a nonprofit community group
34 or other nonprofit organization that might not qualify for exemption if
35 it owned the property as long as the rental or use of the property:

36 (A) Does not exceed fifteen days each assessment year;

37 (B) Does not result in pecuniary gain;

1 (C) Does not involve business activities;

2 (D) Is always for the general public good; and

3 (E) All income from the rental or use of the exempt property is
4 used for capital improvements to the exempt property, maintenance and
5 operation of the exempt property, or for exempt purposes.

6 (2) Property owned by any nonprofit church, denomination, group of
7 churches, or an organization or association, the membership of which is
8 comprised solely of churches or their qualified representatives, which
9 is utilized as a camp facility if used for organized and supervised
10 recreational activities and church purposes as related to such camp
11 facilities. The exemption provided by this paragraph shall apply to a
12 maximum of two hundred acres of any such camp as selected by the
13 church, including buildings and other improvements thereon.

14 (3) Property, including buildings and improvements required for the
15 maintenance and safeguarding of such property, owned by nonprofit
16 organizations or associations engaged in character building of boys and
17 girls under eighteen years of age, and used for such purposes and uses,
18 provided such purposes and uses are for the general public good:
19 PROVIDED, That if existing charters provide that organizations or
20 associations, which would otherwise qualify under the provisions of
21 this paragraph, serve boys and girls up to the age of twenty-one years,
22 then such organizations or associations shall be deemed qualified
23 pursuant to this section.

24 (4)(a) Property owned by all organizations and societies of
25 veterans of any war of the United States, recognized as such by the
26 department of defense, which shall have national charters, and which
27 shall have for their general purposes and objects the preservation of
28 the memories and associations incident to their war service and the
29 consecration of the efforts of their members to mutual helpfulness and
30 to patriotic and community service to state and nation. To be exempt
31 such property must be used in such manner as may be reasonably
32 necessary to carry out the purposes and objects of such societies.

33 (b) The use of the property for pecuniary gain or for business
34 activities, except as provided in this subsection (4), nullifies the
35 exemption otherwise available for the property for the assessment year.
36 The exemption is not nullified by:

37 (i) The collection of rent or donations if the amount is reasonable
38 and does not exceed maintenance and operation expenses.

1 (ii) Fund-raising activities conducted by a nonprofit organization.
2 (iii) The use of the property for pecuniary gain for periods of not
3 more than fifteen days in a year.

4 (c) An inadvertent use of the property in a manner inconsistent
5 with the purpose for which exemption is granted, if the inadvertent use
6 is not part of a pattern of use. A pattern of use is presumed when an
7 inadvertent use is repeated in the same assessment year or in two or
8 more successive assessment years.

9 (5) Property owned by all corporations, incorporated under any act
10 of congress, whose principal purposes are to furnish volunteer aid to
11 members of the armed forces of the United States and also to carry on
12 a system of national and international relief and to apply the same in
13 mitigating the sufferings caused by pestilence, famine, fire, floods,
14 and other national calamities and to devise and carry on measures for
15 preventing the same.

16 (6) Property owned by nonprofit organizations exempt from federal
17 income tax under 26 U.S.C. section 501(c)(3) of the internal revenue
18 code of ((1954, as amended,)) 1986 as it existed on the effective date
19 of this section that are guarantee agencies under the federal
20 ((guaranteed student loan program)) family education loan program or
21 provide guarantees for student loans to finance an individual's
22 postsecondary education made through other programs; or that issue debt
23 to originate, finance, acquire, or otherwise provide ((or acquire))
24 student loans to finance an individual's postsecondary education; or
25 are supporting organizations, which qualify as public charities under
26 26 U.S.C. section 509(a)(3) of the internal revenue code of 1986 as it
27 existed on the effective date of this section, that are providers of
28 services to a nonprofit organization that otherwise qualifies under
29 this subsection (6).

30 (7) To be exempt under this section, the property must be used
31 exclusively for the purposes for which exemption is granted, except as
32 provided in RCW 84.36.805.

33 (8) For the purposes of this section, "general public good" means
34 members of the community derive a benefit from the rental or use of the
35 property by the nonprofit community group or organization.

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